

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, DECEMBER 5, 2008

2008 DEC -5 P 4:43

APPLICATION OF

APPALACHIAN POWER COMPANY

CASE NO. PUE-2008-00096

For approval of electrical facilities under § 56-46.1
of the Code of Virginia and for certification of such
facilities under the Utility Facilities Act

ORDER FOR NOTICE AND HEARING

On October 10, 2008, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity to construct and operate a single-circuit 138 kV transmission line in the City of Roanoke and the Town of Vinton in Roanoke County, Virginia. Prepared testimony, exhibits, copies of correspondence, and other material were attached to the application.

Appalachian proposes to construct a new single circuit 138 kV transmission line, between 6.3 and 6.4 miles in length (depending upon whether the proposed line follows the preferred or the viable alternative corridor), connecting APCo's Huntington Court Substation to its Roanoke Substation (the "Project"). The proposed transmission line will traverse a largely industrial area between two of the Company's existing substations, including a portion of existing railway and public road right-of-way.

The Company indicates that the Project, in conjunction with the Company's Matt Funk Project currently before the Commission in Case No. PUE-2008-00079, is needed to address reliability concerns under double contingency outages of principal transmission facilities in the Company's Roanoke area during projected 2010 summer peak load conditions. In addition, the Company states that the Project will provide two-way 138 kV service to the Huntington Court

Substation, a source of power to the lower voltage subtransmission system serving load on the eastern side of the City of Roanoke. A description of the proposed and alternate routes appears in Ordering Paragraph (12) of this Order, and a sketch map of the routes may be found in Exhibit 2 attached to the application.

As provided by § 62.1-44.15:21 D 2 of the Code of Virginia ("Code"), the Commission and the State Water Control Board must consult on wetland impacts prior to the siting of electric utility facilities that require a certificate of public convenience and necessity. In accordance with the Department of Environmental Quality ("DEQ")-State Corporation Commission Memorandum of Agreement Regarding Consultation on Wetland Impacts (July 2003) (hereinafter, "Wetland Impacts Memorandum"), entered into pursuant to § 62.1-44.15:21 D 2 of the Code, DEQ, acting on behalf of the State Water Control Board, filed a letter dated June 16, 2008, advising that DEQ's Office of Wetlands and Water Protection ("OWWP") had reviewed the transmission line project.¹ OWWP indicated that the Company's consultant was in the process of preparing a wetland and stream impact analysis report for review by DEQ. OWWP also recommended that an onsite wetland delineation should be conducted within the project area to determine the location, extent, and type of surface waters present.

DEQ supplemented this response by letter dated September 19, 2008 (attached to the Company's application as Attachment 6), in which OWWP concluded that the preferred route impacts 0.39 acres of wetlands and crosses six streams (650 linear feet), while the alternative route impacts 0.62 acres of wetlands and crosses eight streams (855 linear feet). Therefore DEQ recommended the preferred route, which had the least amount of impact. DEQ continues to recommend that the Company conduct an onsite wetland delineation.

¹ Letter from David L. Davis, Department of Environmental Quality, of June 16, 2008, to Wayne N. Smith, State Corporation Commission, filed in Case No. PUE-2008-00096, Doc. Con. Cen. No. 404134.

Section 56-46.1 of the Code provides for the Commission to receive and to consider reports on the proposed facilities from state environmental agencies. The Commission Staff has formally advised the DEQ of Appalachian's filed application for the Project and requested the DEQ to coordinate an environmental review.² DEQ has informed the Commission Staff that it would coordinate a review of the environmental impact of the proposed transmission line and provide a report to the Commission.

The Commission finds that, as provided by §§ 56-46.1, 56-265.2, and related provisions of the Code, this matter should be docketed and that the Company should give notice of its application to interested persons and the public. The Commission further finds that, as required by § 62.1-44.15:21 D 2 of the Code, consultation on wetland impacts has concluded, and the DEQ has commenced its coordinated environmental review of the proposed transmission line. The Commission will therefore establish a procedural schedule for the filing of comments, notices of participation, and schedule a hearing on the application. We will also direct the Commission Staff to investigate the application and to file testimony and exhibits on the results of its investigation.

Accordingly, IT IS ORDERED THAT:

(1) As provided by §§ 56-46.1, 56-265.2, and other related provisions of Title 56 of the Code, this matter be docketed as Case No. PUE-2008-00096 and all associated papers be filed therein.

(2) As provided by § 12.1-31 of the Code and the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-120, Procedure before Hearing Examiners, a

² Letter from Frederick D. Ochsenhirt, State Corporation Commission, of November 24, 2008, to Michael P. Murphy, Department of Environmental Quality, filed in Case No. PUE-2008-00096.

hearing examiner be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(3) A public hearing on the application shall be held at 10:00 a.m. on April 21, 2009, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive the testimony of public witnesses and the evidence of the Company, any Respondents, and the Staff.

(4) As provided by the Rules of Practice, 5 VAC 5-20-80 C, Public witnesses, written comments on the application may be filed, on or before April 14, 2009, by either of the following methods:

A. Comments may be submitted in writing to Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Compact discs or any other form of electronic storage medium may not be filed with comments. All correspondence and comments shall refer to Case No. PUE-2008-00096.

OR

B. Comments may be submitted electronically by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(5) On or before January 12, 2009, any person or entity may file with the Commission Clerk, at the mailing address provided in Ordering Paragraph (4) A, an original and fifteen (15) copies of a notice of participation as a respondent as required by the Rules of Practice, 5 VAC 5-20-80 B, Participation as a respondent. A copy shall simultaneously be served on counsel to the Company, H. Allen Glover, Jr., Woods Rogers PLC, P.O. Box 14125, Roanoke, Virginia 24038-1425. The notice of participation shall be filed and served as required by the Rules of Practice, 5 VAC 5-20-140, Filing and service, and 5 VAC 5-20-150, Copies and format.

Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by the Rules of Practice, 5 VAC 5-20-30, Counsel.

(6) Within five (5) business days of receipt of a notice of participation as a respondent as required by Ordering Paragraph (5), the Company shall serve upon the respondent a copy of this Order and a copy of the application and the Company's direct testimony and exhibits, unless these materials have already been provided to the respondent.

(7) On or before February 2, 2009, each respondent may file with the Commission Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and serve a copy of the testimony and exhibits on the Company and all other parties in this case. Respondents shall comply with the Rules of Practice, 5 VAC 5-20-140, Filing and service, 5 VAC 5-20-150, Copies and format, and 5 VAC 5-20-240, Prepared testimony and exhibits.

(8) As provided by the Rules of Practice, 5 VAC 5-20-80 D, Commission staff, Staff shall participate in this proceeding and conduct an investigation of the Company's application. On or before March 2, 2009, the Staff shall file with the Commission Clerk the Report and exhibits it intends to present at the hearing.

(9) On or before March 23, 2009, the Company may file with the Commission Clerk an original and fifteen (15) copies of any rebuttal testimony and exhibits that it expects to offer and shall serve a copy on all parties and the Staff.

(10) On or before December 29, 2008, the Company shall serve a copy of this Order on the chairman of the board of supervisors of Roanoke County and the mayor of every city and town through which the proposed transmission line is to be built. Service shall be made by first-class mail or delivery to the customary place of business of the person served.

(11) On or before December 29, 2008, the Company shall cause to be sent by first-class mail a copy of the notice and sketch map prescribed in Ordering Paragraph (12) of this Order to all owners of property within both the proposed and alternate routes of the proposed line, as indicated on the map or sketch of the route filed with the Commission, which requirement shall be satisfied by mailing to such persons at such addresses as are indicated in the land books maintained by the commissioner of revenue, director of finance, or treasurer of the county or municipality.

(12) On or before December 29, 2008, the Company shall publish twice in two (2) successive weeks the following notice and sketch map of the proposed and alternate routes appearing in Exhibit 2 to the application, as display advertising (not classified) in a newspaper or newspapers of general circulation in Roanoke:

NOTICE TO THE PUBLIC OF AN APPLICATION BY
APPALACHIAN POWER COMPANY
FOR APPROVAL OF A TRANSMISSION LINE
IN THE CITY OF ROANOKE AND
ROANOKE COUNTY, VIRGINIA
CASE NO. PUE-2008-00096

On October 10, 2008, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") an application for a certificate of public convenience and necessity to construct and operate a single-circuit 138 kV transmission line in the City of Roanoke and the Town of Vinton in Roanoke County, Virginia. Prepared testimony, exhibits, copies of correspondence, and other material were attached to the application.

Appalachian is proposing construction of a new 138 kV electric transmission line to meet growing demands for electricity in the Roanoke area. The project is planned to be in service in the year 2011. Appalachian is submitting one preferred corridor and one viable alternative corridor to the Commission for consideration. The proposed transmission line would utilize steel pole structures approximately 100 feet in height. The estimated cost of the project is approximately \$16 million.

The preferred and viable alternative corridors are approximately 6.3 and 6.4 miles in length respectively. The preferred corridor primarily parallels the Norfolk Southern Railway and existing roadways in an urban setting in the northern portion of the study area. In the southern portion of the study area, for approximately 3.8 miles, the preferred and viable alternatives share a common corridor which traverses through an industrial area then parallels the east side of Tinker Creek and continues to traverse south of the Roanoke Water Pollution Control Plant and through another industrial area before entering into the Roanoke Substation.

The following provides a detailed description of the preferred and viable alternative corridors:

The preferred corridor begins at the existing Huntington Court Substation located on Hollins Road, approximately 0.75 mile east of the Williamson Avenue/Hollins Road intersection. The corridor exits the substation, runs southward paralleling the Norfolk Southern railway, crosses Hollins Road, continues adjacent to the railway through an industrial area for 1.0 mile, stops paralleling the railway, begins following Plantation Road in an industrial area for 0.6 mile, turns southeastward, crosses the railway, U.S. Route 460 and Hollins Road, and starts eastward through an industrial/commercial area for 0.5 mile. The corridor then crosses Tinker Creek where 13th Street turns into Baldwin Avenue near the SPCA; at this point, the preferred and viable alternatives share a common corridor.

The shared corridor turns southward for 0.1 mile, changes direction westward and follows the Norfolk Southern railway for 0.2 mile, veers southeastward for 0.3 mile bordering Southern States and spans across Walnut Avenue, turns southward, parallels Tinker Creek for 0.2 mile, crosses State Highway 24 behind Vinton Weaving Mill, continues next to Tinker Creek for 0.3 mile, turns southeastward and follows 3rd Street for 0.2 mile, turns southward for 0.4 mile adjacent to Vinton Auto Salvage and spans across the railway and the Roanoke River, changes direction

westward, and follows the southern perimeter of the Roanoke Water Pollution Control Plant for 0.7 mile. Near the intersection of Bennington Street and Carlisle Avenue the shared corridor crosses Bennington Street-Roanoke River-Bennington Park and continues westward for another 0.1 mile, turns southward and proceeds through an industrial area for 0.7 mile, and near the former Viscose Plant the shared corridor spans the Roanoke River for the final 0.1 mile and terminates at the existing Roanoke Substation.

The viable alternative corridor also begins at the existing Huntington Court Substation. The corridor exits the substation, begins northward paralleling the Norfolk Southern railway for 0.1 mile, turns eastward, and follows the boundary of a storage yard adjacent to Tinker Creek for 0.1 mile. The corridor changes direction southward, crosses Tinker Creek, begins eastward, traverses a residential area for 0.1 mile, turns southward, follows Old Mountain Road through a residential area for 0.2 mile, and begins paralleling Tinker Creek adjacent to Ole Monterey Golf Course for 0.3 mile. Continuing southward, the corridor crosses Tinker Creek, crosses an open field, and continues paralleling Tinker Creek with adjacent residential areas to the west for 0.4 mile. The corridor begins following Craig Road through a residential area for 0.3 mile, crosses Mason Mill Road and Tinker Creek, parallels Tinker Creek and 13th Street adjacent to East Gate Park for 0.3 mile, and continues southward along 13th Street adjacent to a residential area to the east for 0.4 mile, spans U.S. 460 and continues paralleling Tinker Creek for 0.2 mile. At this point, the viable and preferred alternatives share a common corridor as described above for the preferred corridor near the SPCA, where 13th Street turns into Baldwin Avenue.

All distances and directions are approximate. A sketch map of the preferred and alternate routes accompanies this notice. The Commission may consider a route not significantly different from the route described in this notice without additional notice to the public.

The Company's application, Commission Orders, and all documents filed in Case No. PUE-2008-00096 may be inspected in the Commission's Document Control Center, Office of the Clerk of the Commission, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, during Commission business hours. The application, unofficial text of the Commission's Orders, and other materials in Case No. PUE-2008-00096 may be viewed at the Commission's website: <http://www.scc.virginia.gov/case>.

Copies of the application and other supporting materials may also be inspected during regular business hours at the following location:

Roanoke County Library - Vinton Branch
800 East Washington Avenue
Vinton, VA 24179
540-857-5043

The application and all supporting materials are also available on the Company's website at <http://www.appalachianpower.com/go/HuntingtonCourt>.

Comments may be submitted in writing, on or before April 14, 2009, to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Diskettes, compact disks, or any other form of electronic storage medium may not be filed with comments. All correspondence shall refer to Case No. PUE-2008-00096.

OR

Comments may be submitted electronically, on or before April 14, 2009, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

Persons commenting electronically need not file comments in writing with the Clerk.

A public hearing on the application shall be held at 10:00 a.m. on April 21, 2009, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff.

On or before January 12, 2009, any person or entity may file with the Commission Clerk, at the mailing address provided in

Ordering Paragraph (4) A, an original and fifteen (15) copies of a notice of participation as a respondent as required by the Commission's Rules of Practice and Procedure ("Rules of Practice"), 5 VAC 5-20-80 B, Participation as a respondent. A copy shall simultaneously be served on counsel to the Company, H. Allen Glover, Jr., Woods Rogers PLC, P.O. Box 14125, Roanoke, Virginia 24038-1425. The notice of participation shall be filed and served as required by the Rules of Practice, 5 VAC 5-20-140, Filing and service, and 5 VAC 5-20-150, Copies and format. Any organization, corporation, or government body participating as a respondent must be represented by counsel as required by the Rules of Practice, 5 VAC 5-20-30, Counsel.

On or before February 2, 2009, each respondent may file with the Commission Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and serve a copy of the testimony and exhibits on all other parties in this case. Respondents shall comply with the Rules of Practice, 5 VAC 5-20-140, Filing and service, 5 VAC 5-20-150, Copies and format, and 5 VAC 5-20-240, Prepared testimony and exhibits.

The Commission's Rules of Practice, the unofficial version of the Commission's Order for Notice and Hearing, and other information may be viewed at <http://www.scc.virginia.gov/case>.

APPALACHIAN POWER COMPANY

(13) On or before January 20, 2009, the Company shall file with the Commission Clerk a certificate of the mailing of notice prescribed by Ordering Paragraph (10). The certificate shall include the name and address of the officials served.

(14) On or before January 20, 2009, the Company shall file with the Commission Clerk a certificate of mailing of the notice to owners of property prescribed by Ordering Paragraph (11). The certificate shall not include the names and addresses of the owners of property served, but the Company shall maintain a record of this information.

(15) On or before January 20, 2009, the Company shall file with the Commission Clerk proof of the newspaper publication directed by Ordering Paragraph (12).

(16) Appalachian shall respond to written interrogatories or data requests within ten (10) business days after receipt of same. Except as modified, discovery shall be in accordance with the Rules of Practice.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

H. Allen Glover, Jr., Woods Rogers PLC, P.O. Box 14125, Roanoke, Virginia 24038-1425;

C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General,
Division of Consumer Counsel, 900 East Main Street, Second Floor, Richmond, Virginia 23219;
and the Commission's Office of General Counsel and Division of Energy Regulation.